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SUBJECT: RUSSIA'S APPROACH TO POST-ORANGE UKRAINE

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Classified By: Ambassador William J. Burns. Reasons: 1.4 (b, d).

¶1. (C) Summary: Russia has reinvigorated its engagement with Ukraine, focusing on practical cooperation. Last month's Fradkov-Yanukovich meeting, which yielded a gas deal, set the stage for the December 23 Putin-Yushchenko Summit. Russian attitudes, however, still seem to lack an appreciation for Ukraine's continuing interest in European integration and of its developing national identity. End Summary.

A Turn for the Better

¶2. (C) From Moscow's perspective, while transitory political changes in Kyiv have clearly affected its interests, there are deeper, underlying factors that drive Russia to seek close ties with its most important neighbor. In an early November conversation, MFA Director of the Second CIS Department (Belarus, Ukraine and Moldova) Viktor Sorokin insisted that a stable, unified Ukraine was important for Russia, particularly for the "survival" of the Russian economy. Sorokin listed three critical factors:

-- over 10 million ethnic Russians live in Ukraine, and more than 50 percent of the population considers Russian its native language;

-- the Russian Black Sea Fleet is based in Ukraine;

-- energy security, in particular Ukraine's dependence on Russian energy and Russia's dependence on Ukraine's transit routes (eighty percent of Russian gas and fifty percent of Russian oil transit Ukraine on its way to Europe).

These and other reasons have helped Russia and Ukraine "de-link" politics and economics, Sorokin added.

¶3. (C) Moscow Carnegie Center's Nikolay Petrov agreed that both countries are now putting business before politics. Now that "Orange" emotions have subsided and a mutually-acceptable price for gas has been reached, the relationship was less political, and both countries are focused on pragmatic cooperation. Petrov termed Ukraine the most important partner for Russia among its neighbors. Andrey Ryabov, a scholar at the Institute for World Economy and International Relations (IMEMO), claimed that Ukraine's most important asset was its location on the European Union's frontier. Ukraine's strategic position made it impossible for Russia to ignore Ukraine's drift to Europe. The Ukrainian Embassy's Political Counselor Myroslava Scherbatyuk noted that with that realization, unhelpful rhetoric had abated, and both parties were eager to put the relationship back on track.

After a Busy Round of Meetings, Putin to Kyiv

14. (C) Scherbatyuk noted that the uncertainty over the formation of the Ukrainian government had slowed bilateral contacts to a crawl. However, since the August meetings in Sochi between Putin and Yanukovich, the tempo had picked up. All but two sub-commissions of the Putin-Yushchenko Commission have now met. The October meeting between Prime Ministers Fradkov and Yanukovich produced a Russian agreement to sell gas to Ukraine for USD 130 per 1,000 cubic meters, which Russian Ambassador to Ukraine Viktor Chernomyrdin termed a "gift." Black Sea Fleet talks took place on October 27-28 in Sevastopol. The November 7-8 meeting between Foreign Ministers Lavrov and Tarasyuk was considered by Moscow observers as the real launch of a renewed political dialogue.

15. (C) Two remaining sub-commissions -- humanitarian issues (chaired by Education Ministers Fursenko and Nikolayenko) and security issues (chaired by Defense Ministers Ivanov and Hrytsenko) -- will meet in early December. At the conclusion of the Security Council sub-commission in November between Igor Ivanov and Vitaliy Hayduk, the two parties announced that Putin would visit Kyiv on December 23 for the long-awaited Putin-Yushchenko Commission Summit.

NATO/EU

16. (C) While there are solid reasons to believe that a focus on practical cooperation could propel the relationship forward, experts we spoke to underlined that Ukraine's potential membership in NATO remained a potential flash point. The MFA's Sorokin succinctly described the Russian

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position on Ukraine and NATO as: "Cooperation yes, entry no." Ukraine's entry into NATO would indicate to Russia that Ukraine felt threatened and Moscow wanted Kyiv to spell out what specific threats were posed to Ukrainian security. NATO for Russia, Sorokin said, was a "destabilizing" force. Ukrainian Embassy Political Counselor Scherbatyuk said that NATO membership was an inevitable geopolitical choice for Ukraine; a necessary part of its effort to move out of the Russian orbit and establish a balance of forces in the region. However, Scherbatyuk acknowledged the low level of support NATO enjoyed in Ukraine, and that Russia was using this factor to argue against Ukraine's entry.

17. (C) Ukraine's continued interest in pursuing integration into Euro-Atlantic institutions produced a sense of bewilderment among some of our Russian interlocutors. Aleksandr Fadeyev of the CIS Institute characterized Ukrainian leaders as "naive" and "provincial," prone to corruption and clan politics. He added contemptuously that Ukraine entertained aspirations for the EU that were not reciprocated. IMEMO's Alexey Bogaturov described many in the Russian elite as almost indifferent to Ukraine's European aspirations. "If Ukraine wanted to be with Europe, then let Europe pay for it," Bogaturov concluded dismissively. Yet, some experts expressed envy for Ukraine's thriving media and freer political movements.

Ukraine: Handle with Care?

18. (C) When the conflict between Tbilisi and Moscow was at its sharpest this past fall, several of our contacts predicted that the "Ukrainians would be next." However, in the aftermath of the dispute, IMEMO's Ryabov suggested that Georgia had unexpectedly helped Ukraine. Embarrassed by the negative reaction to its handling of Georgia, he thought Russia might be trying harder to avoid a conflict with its western neighbor. All interlocutors agreed that the ties between the two countries were too strong to allow efforts to create artificial barriers to succeed. Still, old

stereotypes abound. Sorokin advised that special care be used in dealing with the "young" government in Kyiv because it was bound to exhibit contradictory behavior.

Language and Religion: Ties that Bind

¶9. (C) Experts we talked to flagged the use of the Russian language and the shared heritage of the Orthodox Church as cross-cutting issues that would gain prominence in bilateral relations. Scherbatyuk saw Moscow's relentless efforts to have Russian become the second official language of Ukraine as "ominous." She noted that the issue was again raised at the November 7 Lavrov-Tarasyuk meeting. IMEMO's Ryabov suggested that there were many regional-level projects to promote "Russification" -- particularly in the Donetsk region and Crimea -- where the government in Kyiv had failed to "Ukrainianize" populations. He claimed that the Ukrainian government lacked the political will to fight Russian efforts at "integration." The BBC's Konstantin Eggert told us that in the future, Moscow could create trouble for a weakened Ukrainian government in these regions; only money and organization were needed to stir up pre-existing separatist tendencies. However, while most observers agreed that there were fault lines in Ukraine that the GOR could readily exploit, no one believed there was strong support for a move in this direction from top decision-makers. For now, Russia seems to be pleased with the turn in relations since Yanukovich's return and has no reason to pressure him in this manner.

¶10. (C) Religion poses other challenges. Informed observers we talked to, including Scherbatyuk, said Moscow was strongly resisting Yushchenko's plan -- endorsed by the Constantinople Patriarchate -- to unify Orthodox Ukrainians in the Ukrainian Orthodox Church (Kyiv Patriarchate). Russia backs the Moscow Patriarchate (MP) of the Ukrainian Orthodox Church, which has special ties to religious communities in Kharkiv, Poltava, Chernihiv and Odesa.

Comment

¶11. (C) Now that the Yanukovich government is in place, Russia is focused on resuming active engagement. The energy deal has put one of the most contentious issues in the relationship on hold for another year. Difficult issues lie ahead, however, with Ukraine's continued interest in NATO membership. While no one seems to think the relationship can return to its cozy, pre-Orange Revolution days, the improved tone and a focus on practical issues should help lay the groundwork for a productive Putin-Yushchenko Summit.

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